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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR X0XX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

All major media led by quoting a senior source in the Prime Minister's Office as saying that PM Benjamin Netanyahu will soon approve the construction of hundreds of new housing units in West Bank settlements before he declares a moratorium on building in those locales. The source was quoted as saying that Netanyahu

informed U.S. officials of his decision to authorize the construction a few weeks ago. The hundreds of units whose construction Netanyahu is expected to approve will join some 2,500 housing units currently being built, whose construction will not be halted. Officials from the PMQs Bureau were quoted as saying that Netanyahu "will agree to consider a temporary freezeQ on construction in the West Bank for a few months after he approves the additional building permits. Major media quoted Netanyahu as saying in closed talks that he will be prepared to go ahead with the move to promote President Obama's peace plan and jump-start stalled peace talks. "The Americans do not agree with [the approval of new housing units] and are not happy about it, but we put it on the table a long time ago," the source told HaQaretz. The immediate future of construction in West Bank settlements will be determined in talks between Israeli officials and U.S. Special Envoy for Middle East Peace Senator George Mitchell, who will visit Israel next week. The issue could be decided in Mitchell's two-day visit, which will begin on Thursday, according to the source. HaQaretz wrote that the precise length of the moratorium is still subject to debate, and the U.S. and Israel are negotiating on this issue. Netanyahu does not agree to a freeze exceeding a period of six months, while the Americans are insisting on a nine-month period. Israel Radio cited PA President Mahmoud AbbasQs hope that Israel will implement a construction freeze in the settlements, which would open the way to the resumption of the talks. Abbas was quoted as saying that, otherwise, nothing will happen.

Israel Radio reported that senior PA negotiator Saeb Erekat dismissed NetanyahuQs planned move as detrimental to peace. Media quoted Silvan Shalom (Likud), Vice PM and Minister for Regional Development and the Development of the Negev and the Galilee, and Likud Knesset Member Danny Danon, as saying over the past couple of days that LikudQs institutions and Knesset members are not likely to endorse a freeze in settlement construction. The Jerusalem Post made the same prediction. Speaking on Israel Radio yesterday, Shalom recalled that Likud had founded the settlement movement. Makor Rishon-Hatzofe reported that the opponents of a construction freeze in the settlements enjoy a comfortable majority in the cabinet.

Israel Radio reported that last night the IAF bombed a tunnel in southern Gaza likely meant to smuggle people intent on attacking Israeli soldiers or civilians. There were no Palestinian casualties.

Leading media reported that Norway's Finance Minister, Kristin Halvorsen, announced at a press conference in Oslo that the country had decided to drop the Israeli electronics firm Elbit Systems from the Norwegian pension fund investments due to its role in supplying technology for the separation fence. While HaQaretz cited the Israeli Foreign MinistryQs low-key response, Israel Radio said that Israel was Qgreatly disappointedQ by the Norwegian move and The Jerusalem Post noted that Israeli diplomatic officials reacted rapidly because they did not want to play into the hands of the ruling QRed-GreenQ government, which they said was using this issue to curry favor with a specific part of the Norwegian electorate.

The media (banner in Makor Rishon-Hatzofe) quoted State Comptroller Micha Lindenstrauss as saying that Jonathan Pollard was not granted a fair trial in the U.S.

Leading media reported that the Tel Aviv exhibition depicting various female Palestinian suicide bombers as the Virgin Mary holding baby Jesus was quickly taken down following an outcry from the families of those killed or wounded in the attacks, as well as by organizations that represent terror victims.

The media reported that Hamas political chief Khaled Mashal is expected to arrive Saturday in Cairo for a round of talks with Egyptian officials, attended by the organization's top-brass from Gaza and Damascus. One of the topics up for discussion will be a deal for the release of Gilad Shalit. Besides ShalitQs return, the parties will also discuss talks for reconciliation between Hamas and Fatah. However, HaQaretz says that this track is seen as having few chances to succeed, making it likelier that the parties will focus on the prisoner deal, instead.

HaQaretz, The Jerusalem Post, and Makor Rishon-Hatzofe reported that

Supreme Court Justice Hanan Meltzer (or Melcer) and other justices hinted yesterday that the State Prosecution discriminates between Arabs and Jews with regard to illegal construction on the West Bank, to the latter's detriment. The court was hearing a petition by Regavim, a group that works "to preserve the nation's lands," which demanded to know why the state is not destroying homes built without permits in the Arab village of Yatma, near the settlement of Rehelim.

The Jerusalem Post and other media cited the Russian daily Kommersant as saying that Russia has signed a contract to sell MiG-29M fighters to Syria, but that it has not yet begun delivering the planes.

Yediot cited minutes from an IDF General Staff meeting which show that the 1992 assassination of Hizbullah leader Abbas Musawi was badly planned -- originally as an intelligence operation. Israel paid a heavy price for the killing and lost the possibility of getting back MIA Ron Arad.

The Jerusalem Post reported that ex-FBI agent Richard Marquise, who led the U.S. probe into the Lockerbie bombing, told the newspaper that Libyan leader Muammar Qadhafi must have personally approved the attack on Pan Am Flight 103.

I1. Mideast:

Block Quotes:

II. "A Question of Trust"

Senior columnist Nahum Barnea wrote on page one of the mass-circulation, pluralist Yediot Aharonot (9/4): QTepid, cold, frozen: Benjamin Netanyahu is now officially willing to declare a settlement construction freeze on condition that this is called a temporary suspension, not a freeze. Netanyahu is the first prime minister of the right wing who is willing to announce a settlement construction freeze in the territories.... Netanyahu is walking a thin political wire. In order not to bring down on himself a rebellion in the Likud faction, he has to sweeten the suspension pill with promises to approve construction plans for hundreds of housing units before the agreement goes into effect; but he has to do this without betraying the trust of the Americans, without giving the Arab states a good excuse to get out of the agreement, and without depicting Ehud Barak as a liar.... The outrage of the right wing is understandable, which views every compromise step by Netanyahu as a betrayal of the voters' will. That said, they have to remember that the voter is not the only one who decides in the world. Obama, who was elected by a much more persuasive majority than Netanyahu, is now discovering that the mandate he received is not unlimited. There are constraints, disappointments, shifts in public opinion, compromises without which even the strongest man in the world cannot make progress of one millimeter. The Prime Minister's power of persuasion is great. Netanyahu can obtain a majority in the Likud for any decision he wants. But there is one option that he should pass on: an attempt to have his cake and eat it too. That won't fly in Washington. It won't fly here.

II. "Detecting Mines"

Political and parties columnist Sima Kadmon wrote on page one of Yediot Aharonot (9/4): QWhat is now clear in Likud is that the bad will come neither from the north nor from the south [a play on a Biblical verse], but from home. It is true that there wonQt be revolutions as long as there is no American diplomatic plan. But it is already possible to see how this might work: the Council of Jewish Settlements in the Territories, which has both the funds and the ambition, will focus on Likud. It can be conjectured that if Netanyahu makes concessions, it wonQt be necessary to topple Likud. Its leader can be replaced.

III. "The Waiting Period"

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv (9/4): QAt the time of this writing, Israel is gearing towards the yearned-for concurrence with the U.S. regarding the settlements. Netanyahu doesnQt want to call this a Qfreeze, because there has long been a freeze on the ground (no construction, period). Another word is being looked for. The leading term is Qwaiting.Q Do you remember the waiting period in 1967?... TodayQs QwaitingQ is supposed to lead to negotiations, not to war.... Netanyahu is waiting for gestures from the Arab world.

IV. "Trading Places"

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning HaQaretz (9/4): QAfter another decade of wars and disappointments, it's tough to sell the QNew Middle EastQ in a new wrapping to cynical populations that have long since lost all belief in impassioned speeches promising peace and change. But Obama's declaration will have immediate strategic importance. By presenting a two-year timetable for the peace agreements, the President will make it clear that dealing with Iran is more urgent than establishing an independent Palestine alongside Israel. That will be a major diplomatic achievement for Netanyahu.... While Obama was sinking, Netanyahu behaved like a responsible adult. He refrained from flamboyant military actions that could kindle the region and compel Obama to deal with body-strewn crises. He effectively froze authorizations for new construction in the settlements, and he announced his acceptance of the principle of a two-state solution. He dismantled West Bank checkpoints and toned down his anti-Iran rhetoric (until his Berlin visit last week, when he returned to the analogy between a nuclear Iran and Auschwitz). He even apologized to Israel's QelitesQ for his inflammatory remarks against them in his previous term as prime minister. At the same time, to preserve his right-wing base, Netanyahu announced new construction for Jews in East Jerusalem and also quarreled with Sweden. Obama will have to swallow Netanyahu's declarations that Jerusalem is the Qeternal capital of the Jewish peopleQ.... There are few supporters of the settlements in Congress, but the unity of Jerusalem has been an accepted mantra for many years. Netanyahu has entrenched himself in a position that will enable him to recruit supporters in Washington, while avoiding both blatant lobbying on Capitol Hill and publicly embracing the President's rivals, as he did with Clinton. Under these circumstances, Netanyahu has a chance for a good second round with Obama.

V. "Taking a Cue from Kosovo"

Military correspondent Yaakov Katz wrote in the conservative, independent Jerusalem Post (9/4): QThe KSF (Kosovo Security Force) is in many ways similar to the Palestinian security forces currently being trained by U.S. Lt.-Gen Keith Dayton in Jordan.... Another organization that operates in Kosovo is called EULEX ... a European Union force consisting of police officers and contractors who are helping the new government establish a Western-style police force, a judiciary system and a prison service.... Sound familiar? The reason is that in the West Bank the EU is doing the same thing for the Palestinian Authority, although with a different name -- EUCOPPS.... The issue of recognition is important for Kosovars, many of whom asked that the Jerusalem Post use its influence to get Prime Minister Benjamin Netanyahu to recognize their year-old country.... Despite the vague similarities, Kosovo is a lifetime away from the Arab-Israeli conflict, and is currently considered a major success for NATO.

VI. "Upping the Ante"

Senior Middle East affairs analyst Zvi Bar'el wrote in the independent, left-Ha'aretz (9/4): QIn three years, Gilad Shalit has also become a disputed asset between various extremes in the Middle East. It was enough to listen carefully to Egyptian President Hosni Mubarak in Washington two weeks ago to understand Shalit's importance in the Arab arena. Mubarak, violating understandings between all the interested parties, disclosed Germany's involvement in the negotiations for his release and praised its cooperation.... Gilad Shalit has developed from a bargaining chip between Israel and Hamas into a focus of power struggles between regional extremes. As

the bargaining process has dragged on, more and more elements have seen the Shalit deal as a source of control and honor. The question now is how an agreement for his release could catalyze other processes that from the outset should not have been connected to it.

VII. "Stability and the Balance of Deterrence"

Yair Evron, Professor Emeritus at Tel Aviv University and a research fellow at the Institute for National Security Studies, wrote in HaQaretz (9/4): QThe most important step [in the Middle East] must be reducing the likelihood of a regional crisis which could give rise to the failure of deterrence. One must make every effort to strengthen regional stability to as great an extent as possible. An example of such would be an American-Israeli-Syrian arrangement that would be highly crucial for stabilizing the Syrian-Lebanese front. Such an arrangement, which is needed anyway for Israel's national interest, bears the utmost importance in the context of

Israeli-Iranian deterrence. It is baffling that the Government of Israel, which loudly sounds the siren to warn of the Iranian threat, does not understand that a stabilizing diplomatic arrangement with Syria is far more important than haggling over pieces of territory. Finally, one ought to appreciate a general lesson drawn from the nuclear era: Nuclear weapons are aimed solely to deter rather than for actual use.

CUNNINGHAM